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SUBJECT: Rural Development's Community Facilities Program

TO: Special Nutrition Programs

To support Secretary Vilsack's and Deputy Secretary Merrigan's focus on rural development, this memorandum brings attention to the USDA's Rural Development Community Facilities (CF) program. The CF program provides loans and grants to assist in the development of essential community facilities in rural areas and towns of up to 20,000 in population and offers a unique opportunity for non-profit organizations, public bodies, and tribal organizations to upgrade their community's child nutrition facilities and purchase equipment that could improve access to healthy, locally, or regionally grown products.

The CF low-interest loans and grants are available to public entities such as county and local governments, non-profit organizations, and tribal organizations. These funds can be used to construct, enlarge or improve community facilities that provide healthcare, education, public safety, and public services. Specific to the Child Nutrition Programs, the CF loan/grant funds could be used to improve public buildings like school food service facilities, Head Start centers, pre-schools, adult day care centers, child day care centers, and food preparation centers.

In the past, communities have used CF funds to renovate cafeterias and purchase food preparation and storage equipment. For example, a County Board of Education Food Service Division, that provides breakfast and lunch programs for public school students, used CF funds to improve a warehouse by adding refrigeration units for fresh fruits and vegetables, which allowed them to purchase larger quantities, expand choices, and increase the amount of locally grown food served in their schools. One school used a CF loan to expand their campus to include an organic vegetable garden and fruit orchards which provide fresh produce for the after school snack program. Another school purchased a convection food steamer to prepare locally grown vegetables with CF funds.

The CF loans and grants are both competitively scored, however, according to Rural Development, grant funds are limited. Therefore, we encourage communities to consider the affordable low-interest, fixed-rate loans the CF program offers. Child Nutrition Programs operating in small, low-income communities may be eligible for a higher percentage of grant funding or loans.

Attachment

Community Facilities Program

The Community Facilities (CF) Program supports the success of rural communities by providing loans and grants for the construction, acquisition, or renovation of community facilities or for the purchase of equipment for community projects. Among other things, these facilities can improve access to high-quality and affordable local foods.

Who is eligible to apply for CF loans and grants?

Local governments, non-profit organizations, and State and Federally-recognized Indian tribes are all eligible to apply for funds to finance “essential community facilities.” Applications must be for projects in rural areas (defined as areas with no more than 20,000 residents).

What is a Community Facility? How does this program relate to agriculture?

The uses of CF funds are limited principally by the requirement that the project be for the benefit of the community as a whole rather than for a private, commercial purpose. To help ensure that a facility under the control of a non-profit organization will carry out a public purpose and continue to serve rural communities, USDA looks for strong ties between the organization and the rural area in which it is located. Such ties might be evidenced by a local board membership base or funding from the local government or community.

The CF program finances many types of facilities and equipment that facilitate distribution and marketing of local foods. Projects that support local and regional food systems that may qualify for CF funding include, but are not limited to, the following:

- Farmers markets
- Community kitchens and food distribution centers
- Facilities and equipment used by not-for-profit food distribution networks
- School cafeteria renovations and equipment
- Community food banks

What are Loan and Grant Amounts?

Loan amounts vary widely depending on the project. Grants, which are available for projects in communities with smaller populations and lower median household incomes, are usually highly leveraged with other loan and grant awards.

How do I apply?

All applications for CF projects are filed and processed in the local USDA Rural Development Office for the project location. Applications are accepted on an ongoing basis and are subject to funds availability. Contact your Local Office either by telephone or through our website to obtain more information on how to proceed with your loan or grant request. The locations and contact information for Local Offices can be found at www.rurdev.usda.gov/recd_map.html. For more detailed information about eligibility, loan rates and terms, and security requirements, you can also visit our website at http://www.rurdev.usda.gov/HCF_CF.html